

AMENDED IN ASSEMBLY JUNE 22, 2005

AMENDED IN SENATE MAY 2, 2005

AMENDED IN SENATE APRIL 11, 2005

**SENATE BILL**

**No. 769**

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**Introduced by Senator Simitian**

February 22, 2005

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An act to amend and repeal Section 399.4 of, and to add Section 382.5 to, the Public Utilities Code, relating to energy resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 769, as amended, Simitian. Energy Reliability and Affordability Act: energy-efficient refrigerators.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Under the Public Utilities Act, the commission requires electrical corporations to identify a separate rate component to fund programs that enhance system reliability and provide in-state benefits. The funds are collected to support cost-effective energy efficiency and conservation activities, public interest research and development not adequately provided by competitive and regulated markets, and renewable energy resources.

Existing law requires the commission, in evaluating energy efficiency investments under its existing statutory authorities, to ensure that no energy efficiency funds are used to provide incentives for the purchase of new energy-efficient refrigerators.

This bill would delete that refrigerator purchase restriction and would, instead, establish the Energy Reliability and Affordability Act *until January 1, 2012*, to increase energy reliability and affordability by reducing the demand for energy by ~~residential customers~~

*ratepayers residing in low-income residential rental units. The goal of the program would be to expand existing refrigerator replacement programs by replacing a minimum of 50,000 energy inefficient refrigerators, as defined, in low-income residential rental units each year. The bill would require the commission to evaluate the targeted number of refrigerators to be replaced through the program in consideration of certain factors, and to establish a refrigerator replacement program to, among other things, provide incentives to owners of ~~limited-income~~ low-income rental residential units with energy-inefficient refrigerators to replace those refrigerators with more energy-efficient models. The bill would require the commission to adopt guidelines and regulations to implement the act. Because a violation of those guidelines or regulations would be a crime under existing law, this bill would ~~create~~ impose a state-mandated local program by creating new crimes. The bill would authorize the commission to contract with an appropriate entity to replace refrigerators pursuant to the act.*

The bill would require the commission to annually prepare and submit to the Legislature, ~~the Department of Finance, and the Legislative Analyst's Office~~, a report containing specified information about the effectiveness of the program, as specified.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 382.5 is added to the Public Utilities
- 2 Code, to read:
- 3 382.5. (a) This section shall be known, and may be cited, as
- 4 the Energy Reliability and Affordability Act. The purpose of the
- 5 act is to increase energy reliability and affordability by reducing
- 6 the demand for energy by residential customers in
- 7 ~~limited-income~~ low-income residential rental units.
- 8 (b) The Legislature finds and declares all of the following:

1 (1) In California, refrigerators consume more energy than any  
2 other household appliance and consume more energy than any  
3 other residential use besides lighting.

4 (2) Replacing energy-inefficient refrigerators in  
5 ~~limited-income~~ *low-income* residential rental units will greatly  
6 benefit all ~~energy consumers by reducing peak and overall~~  
7 ~~energy demand.~~ *ratepayers by reducing overall energy demand*  
8 *and reducing California Alternate Rates for Energy (CARE)*  
9 *program expenditures.*

10 (3) Replacing energy-inefficient refrigerators in  
11 ~~limited-income~~ *low-income* residential rental units will further  
12 benefit those ~~renters by ratepayers by directly~~ reducing their  
13 energy bills.

14 (4) Reducing energy consumption will reduce air pollution,  
15 thus ~~reducing public health risks, health care costs, and~~  
16 ~~environmental degradation.~~ *Decreasing improving public health*  
17 *and the environment and reducing health care costs. Reducing*  
18 *air pollution will increase the quality of life for all Californians.*

19 (5) The average first use lifespan of a refrigerator is 19 years,  
20 and the average age of the refrigerator fleet in California is 11  
21 years.

22 (6) ~~Federal energy efficiency standards for refrigerators were~~  
23 ~~set in 1993 and 2001, with each standard requiring an additional~~  
24 ~~30 percent reduction in the appliance's energy consumption.~~  
25 ~~Most refrigerators in California do not meet current minimum~~  
26 ~~federal efficiency standards.~~

27 (6) *Federal standards for refrigerators have greatly increased*  
28 *the energy efficiency of new models over the past decade.*

29 (7) The United States Department of Energy and the United  
30 States Environmental Protection Agency established the Energy  
31 Star program in 1992 to identify and promote energy-efficient  
32 products to reduce greenhouse gas emissions. ~~The Energy Star~~  
33 ~~program qualified refrigerator models that qualified refrigerators~~  
34 ~~use at least 15 percent less energy than required by current~~  
35 ~~federal energy efficiency standards, and 40 percent less energy~~  
36 ~~than the models that meet the 2001 standard. The Energy Star~~  
37 ~~program qualified conventional models sold in 2001. New~~  
38 *Energy Star certified* refrigerators require about half as much  
39 energy as models manufactured before 1993.

(8) Owners of ~~limited-income~~ *low-income residential* rental housing units have no incentive to replace older, energy-inefficient refrigerators because renters, rather than the owners, typically are the responsible party for the payment of energy bills incurred in those rental units.

(9) ~~The public goods charge (PGC) on electricity purchases established pursuant to Section 381 of the Public Utilities Code was created in 1996 to support public purpose programs for energy efficiency, low-income services, renewable energy, and energy-related research and development.~~

(10) ~~Under existing PGC programs, investor owned utilities have replaced approximately 200,000 energy-inefficient refrigerators.~~

(11) ~~The PGC is statutorily indexed to escalate with increasing electricity sales or inflation, whichever is less.~~

(12) ~~Approximately four to five million households in California~~ *In the service territories of California's electrical corporations, approximately two million households* have a combined household income equivalent to, or less than, 175 percent of the federal poverty level.

(13) ~~Replacing 50,000 energy-inefficient refrigerators will save \_\_\_\_\_ kilowatts per year, which is approximately the amount of kilowatts that would have prevented \_\_\_\_\_ blackouts in \_\_\_\_\_ year or the need for \_\_\_\_\_ powerplants.~~

(c) As used in this section, the following terms have the following meanings:

(1) "Certified appliance recycler" means a person or entity engaged in the business of removing and properly managing materials that require special handling from discarded major appliances, and who is certified pursuant to Section 25211.4 of the Health and Safety Code. "Certified appliance recycler" does not include a person described in subdivision (b) of Section 25211.2 of the Health and Safety Code.

(2) "Energy efficient refrigerators" means those refrigerator models that meet the ~~2001 federal energy~~ *most current United States Department of Energy* efficiency standard, and that have also received the Energy Star certification.

(3) "Energy-inefficient refrigerators" means those models that do not meet the ~~2001 federal energy~~ *most current United States Department of Energy* efficiency standard.

(4) “Energy Star” means those models of refrigerators that are certified through the United States Department of Energy/United States Environmental Protection Agency Energy Star program.

(5) ~~“Limited-”~~“Low income” means those individuals and households who qualify for assistance under the California ~~Alternative Rates for Energy (CARE) program established pursuant to Section 739.1 of the Public Utilities Code, including those persons whose household income does not exceed 175 percent of the federal poverty guidelines. For disabled and senior citizens, the income eligibility guidelines are set at 200 percent of the federal poverty level.~~ *low-income energy efficiency program guidelines established by the commission.*

(6) ~~“Owner of a limited-income residential rental unit~~ “Low-income energy efficiency” or “LIEE” programs means the energy efficiency and expenditure reducing programs for low-income electricity ratepayers established pursuant to Section 382.

(7) “Owner of a low-income residential rental unit” means the owner of record of any property leased to a limited-income occupied by a low-income individual or household for residential purposes.

(d) ~~(1) The goal of the program established by~~ *The goal of the program established pursuant to this section is to reduce energy consumption by replacing expand existing refrigerator replacement programs by replacing a minimum of 50,000 energy-inefficient refrigerators in limited-income low-income residential rental units each year, utilizing revenues collected pursuant to this section, in addition to those refrigerators previously replaced using funds from the public goods charge established pursuant to Sections 381, 382, and 399.8.*

~~(2) To accomplish this goal, the commission shall establish a refrigerator replacement program, which shall do all of the following: in addition to those refrigerators targeted for replacement through the current LIEE program. These refrigerators shall be replaced consistent with the guidelines for the LIEE program established pursuant to Section 382.~~

(e) *The commission shall evaluate the targeted number of refrigerators to be replaced through the Energy Reliability and Affordability Act, concurrent with energy efficiency potential assessments, and may adjust upward the targeted number of*

1 *refrigerators to be replaced through evaluations of CARE*  
2 *program expenditures avoided, bill defaults avoided, other cost*  
3 *avoidance benefits, the cost effectiveness of reducing overall*  
4 *energy demand, and the cost effectiveness of reducing the energy*  
5 *bills of low-income ratepayers and other factors the commission*  
6 *determines are material. The refrigerator program adopted by*  
7 *the commission pursuant to this act shall do all of the following:*

8 ~~(A)~~

9 *(1) Provide sufficient incentives to owners of ~~limited-income~~*  
10 *low-income residential rental units with energy-inefficient*  
11 *refrigerators to replace those refrigerators with energy-efficient*  
12 *models.*

13 ~~(B) Provide rebates or other financial incentives that are~~

14 *(2) Require that incentives are only made available to owners*  
15 *of ~~limited-income~~ low-income residential rental units upon the*  
16 *proof of purchase of the energy-efficient refrigerator and proof*  
17 *that the inefficient refrigerator is in the control of a certified*  
18 *appliance recycler.*

19 ~~(C) Require that any replacement refrigerator to be in~~

20 *(3) Require that all replaced inefficient refrigerators are*  
21 *operating condition.*

22 ~~(D) Require that any replacement refrigerators meet or exceed~~  
23 ~~2001 energy efficiency standards and meet or exceed the United~~  
24 ~~States Department of Energy/United States Environmental~~  
25 ~~Protection Agency Energy Star standards for refrigerators.~~

26 ~~(E) Prohibit any refrigerator exchanged as part of this program~~  
27 ~~from being refurbished or reused, but permit the recycling of~~  
28 ~~metal and other parts of the exchanged refrigerator.~~

29 *(4) Require that all replacement refrigerators are energy*  
30 *efficient refrigerators.*

31 *(5) Prohibit any inefficient refrigerator replaced as part of*  
32 *this program from being refurbished or reused.*

33 *(6) Require the recycling of all recyclable components of all*  
34 *replaced inefficient refrigerators and the capture and proper*  
35 *management of chlorofluorocarbons, oils, and other materials*  
36 *harmful to human health and to the environment.*

37 ~~(F)~~

38 *(7) Prioritize the replacement of the least efficient*  
39 *refrigerators consistent with the existing low-income energy*  
40 *efficiency refrigerator replacement program guidelines.*

1 ~~(e)–~~

2 (f) The commission shall adopt guidelines and regulations to  
3 accomplish the purposes of this section.

4 ~~(f) The commission may contract with an appropriate entity to~~  
5 ~~replace refrigerators pursuant to this section.~~

6 (g) The commission shall consider cost effectiveness when  
7 adopting guidelines or regulations for the program, but shall give  
8 higher priority to reducing the energy costs borne by persons  
9 who can least afford high energy ~~prices~~ bills.

10 (h) *The commission may administer the program under the*  
11 *guidelines for an electrical or gas corporation to perform home*  
12 *weatherization services for low-income customers adopted*  
13 *pursuant to Section 2790, or pursuant to the guidelines and*  
14 *regulations adopted pursuant to subdivision (f).*

15 ~~(h)–~~

16 (i) The commission shall annually prepare and submit to the  
17 Legislature, ~~the Department of Finance, and the Legislative~~  
18 ~~Analyst's Office a report containing a report, which may be~~  
19 *included in the assessment required in Section 382,*  
20 *incorporating all of the following information:*

21 (1) The number of rental units in ~~the state that have had~~  
22 ~~refrigerators which refrigerators have been~~ replaced pursuant to  
23 this section.

24 ~~(2) The remaining number of eligible units in the state that are~~  
25 ~~in need of refrigerator replacement.~~

26 ~~(3) The energy savings per participating household.~~

27 ~~(4) The energy savings for the program as a whole.~~

28 ~~(5) A map indicating areas where refrigerator replacements~~  
29 ~~have occurred and other areas where refrigerator replacements~~  
30 ~~have not occurred.~~

31 ~~(6) A description of the administrative and programmatic costs~~  
32 ~~for each refrigerator replaced.~~

33 ~~(7) A description of outreach and education expenditures.~~

34 ~~(8) An outreach and education plan for the following fiscal~~  
35 ~~year.~~

36 (2) *The average age of the refrigerators replaced pursuant to*  
37 *this section.*

38 (3) *An estimate of the remaining number of eligible rental*  
39 *units that are in need of refrigerator replacement in the service*  
40 *territories of the electrical corporations.*

1     (4) *An estimate of the energy savings per participating*  
2     *household.*

3     (5) *An estimate of the energy savings for the program as a*  
4     *whole.*

5     (6) *A diagram indicating the general areas where refrigerator*  
6     *replacements have occurred and areas targeted for future*  
7     *refrigerator replacement.*

8     (7) *An assessment of the administrative and programmatic*  
9     *costs of the program designed pursuant to this section.*

10    (8) *An estimate of the CARE program funds saved as a result*  
11    *of the program.*

12    (9) A description of any recommended program modifications  
13    for the following fiscal year.

14    (j) *This section shall remain in effect only until January 1,*  
15    *2012, and as of that date is repealed, unless a later enacted*  
16    *statute, that is enacted before January 1, 2012, deletes or extends*  
17    *that date.*

18    SEC. 2. Section 399.4 of the Public Utilities Code, as added  
19    by Section 4 of Chapter 1050 of the Statutes of 2000, is amended  
20    to read:

21    399.4. (a) (1) In order to ensure that prudent investments in  
22    energy efficiency continue to be made that produce cost-effective  
23    energy savings, reduce customer demand, and contribute to the  
24    safe and reliable operation of the electric distribution grid, it is  
25    the policy of this state and the intent of the Legislature that the  
26    commission shall continue to administer cost-effective energy  
27    efficiency programs authorized pursuant to existing statutory  
28    authority.

29    (2) As used in this section, the term “energy efficiency”  
30    includes, but is not limited to, cost-effective activities to achieve  
31    peak load reduction that improve end-use efficiency, lower  
32    customers’ bills, and reduce system needs.

33    (b) The commission, in evaluating energy efficiency  
34    investments under its existing statutory authorities, shall also  
35    ensure that local and regional interests, multifamily dwellings,  
36    and energy service industry capabilities are incorporated into  
37    program portfolio design and that local governments,  
38    community-based organizations, and energy efficiency service  
39    providers are encouraged to participate in program  
40    implementation where appropriate.



1     ~~SEC. 3. Section 399.4 of the Public Utilities Code, as added~~  
2     ~~by Section 4 of Chapter 1051 of the Statutes of 2000, is repealed.~~

3     ~~399.4. (a) (1) In order to ensure that prudent investments in~~  
4     ~~energy efficiency continue to be made that produce cost-effective~~  
5     ~~energy savings, reduce customer demand, and contribute to the~~  
6     ~~safe and reliable operation of the electric distribution grid, it is~~  
7     ~~the policy of this state and the intent of the Legislature that the~~  
8     ~~commission shall continue to administer cost-effective energy~~  
9     ~~efficiency programs authorized pursuant to existing statutory~~  
10    ~~authority.~~

11    ~~(2) As used in this section, the term “energy efficiency”~~  
12    ~~includes, but is not limited to, cost-effective activities to achieve~~  
13    ~~peak load reduction that improve end-use efficiency, lower~~  
14    ~~customers’ bills, and reduce system needs.~~

15    ~~(b) The commission, in evaluating energy efficiency~~  
16    ~~investments under its existing statutory authorities, shall also~~  
17    ~~ensure both of the following:~~

18    ~~(1) That local and regional interests, multifamily dwellings,~~  
19    ~~and energy service industry capabilities are incorporated into~~  
20    ~~program portfolio design and that local governments,~~  
21    ~~community-based organizations, and energy efficiency service~~  
22    ~~providers are encouraged to participate in program~~  
23    ~~implementation where appropriate.~~

24    ~~(2) That no energy efficiency funds are used to provide~~  
25    ~~incentives for the purchase of new energy-efficient refrigerators.~~

26    ~~SEC. 3. Section 339.4 of the Public Utilities Code, as added~~  
27    ~~by Section 4 of Chapter 1050 of the Statutes of 2000, is repealed.~~

28    ~~SEC. 4. No reimbursement is required by this act pursuant to~~  
29    ~~Section 6 of Article XIII B of the California Constitution because~~  
30    ~~the only costs that may be incurred by a local agency or school~~  
31    ~~district will be incurred because this act creates a new crime or~~  
32    ~~infraction, eliminates a crime or infraction, or changes the~~  
33    ~~penalty for a crime or infraction, within the meaning of Section~~  
34    ~~17556 of the Government Code, or changes the definition of a~~  
35    ~~crime within the meaning of Section 6 of Article XIII B of the~~  
36    ~~California Constitution.~~